THE UNITED SYNAGOGUE OF
CONSERVATIVE JUDAISM

FINANCIAL STATEMENTS
AND AUDITOR’S REPORT

JUNE 30, 2015
# Independent Auditor’s Report

## Exhibit

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Balance Sheet</td>
</tr>
<tr>
<td>B</td>
<td>Statement of Activities</td>
</tr>
<tr>
<td>C</td>
<td>Statement of Expenses</td>
</tr>
<tr>
<td>D</td>
<td>Statement of Cash Flows</td>
</tr>
</tbody>
</table>

## Notes to Financial Statements
Independent Auditor’s Report

Board of Directors of
The United Synagogue of
Conservative Judaism

Report on the Financial Statements

We have audited the accompanying financial statements of The United Synagogue of Conservative Judaism, which comprise the balance sheet as of June 30, 2015, and the related statements of activities, expenses and cash flows for the year then ended and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The United Synagogue of Conservative Judaism as of June 30, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter - Restatement**

As more fully disclosed in Note 14 to the financial statements, opening net assets as of June 30, 2013 have been restated to properly reflect the classification of net assets along with other adjustments to certain restricted funds.

**Report on Summarized Comparative Information**

We have previously audited the June 30, 2014 financial statements of The United Synagogue of Conservative Judaism, Inc., and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

January 13, 2016
### BALANCE SHEET

**JUNE 30, 2015**  
(With Summarized Financial Information for June 30, 2014)

#### ASSETS

<table>
<thead>
<tr>
<th>Item</th>
<th>2015</th>
<th>2014 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (Note 1)</td>
<td>$15,472,260</td>
<td>$558,381</td>
</tr>
<tr>
<td>Investments (Note 3)</td>
<td>3,658,756</td>
<td>4,341,405</td>
</tr>
<tr>
<td>Dues receivable</td>
<td>82,608</td>
<td>144,529</td>
</tr>
<tr>
<td>Accounts and other receivables - net</td>
<td>361,931</td>
<td>525,331</td>
</tr>
<tr>
<td>Prepaid expenses - program</td>
<td>1,380,017</td>
<td>1,098,628</td>
</tr>
<tr>
<td>Contributions receivable - net (Note 6)</td>
<td>1,460,465</td>
<td>2,122,870</td>
</tr>
<tr>
<td>Inventory</td>
<td>129,540</td>
<td>100,151</td>
</tr>
<tr>
<td>Fixed assets - net (Note 4)</td>
<td>12,456,889</td>
<td>27,058,496</td>
</tr>
<tr>
<td>Other assets</td>
<td>760,987</td>
<td>8,578</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$35,763,453</strong></td>
<td><strong>$35,958,369</strong></td>
</tr>
</tbody>
</table>

#### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$1,010,360</td>
<td>$1,530,210</td>
</tr>
<tr>
<td>Line of credit (Note 7)</td>
<td>1,917,920</td>
<td>358,000</td>
</tr>
<tr>
<td>Accrued salaries, vacations and benefits</td>
<td>1,517,624</td>
<td>870,078</td>
</tr>
<tr>
<td>Advance deposits</td>
<td>3,648,860</td>
<td>3,010,135</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>8,094,764</strong></td>
<td><strong>5,768,423</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets (Exhibit B)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>21,330,818</td>
<td>23,680,566</td>
</tr>
<tr>
<td>Temporarily restricted (Note 9)</td>
<td>5,171,722</td>
<td>5,338,231</td>
</tr>
<tr>
<td>Permanently restricted (Note 9)</td>
<td>1,166,149</td>
<td>1,171,149</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>27,668,689</strong></td>
<td><strong>30,189,946</strong></td>
</tr>
</tbody>
</table>

**Total liabilities and net assets**  
**$35,763,453**  
**$35,958,369**

See independent auditor's report.

The accompanying notes are an integral part of these statements.
## THE UNITED SYNAGOGUE OF CONSERVATIVE JUDAISM

### EXHIBIT B

## STATEMENT OF ACTIVITIES

### YEAR ENDED JUNE 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, gains, losses and other support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions (includes calendar contributions of $533,686 in 2015 and $391,255 in 2014)</td>
<td>$1,607,599</td>
<td>$1,886,698</td>
<td>$3,494,297</td>
<td>$5,297,296</td>
<td></td>
</tr>
<tr>
<td>Membership dues</td>
<td>7,509,651</td>
<td></td>
<td>7,509,542</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program revenue</td>
<td>7,793,614</td>
<td></td>
<td>9,300,205</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biennial convention</td>
<td>59,310</td>
<td></td>
<td>752,898</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Books and publications</td>
<td>1,019,556</td>
<td></td>
<td>1,210,608</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income - net (Note 3)</td>
<td>74,899</td>
<td>17,467</td>
<td>92,366</td>
<td>520,780</td>
<td></td>
</tr>
<tr>
<td>Bad debt loss</td>
<td>(702,579)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>65,967</td>
<td></td>
<td>1,812</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets released from restriction (Note 9)</td>
<td>1,368,095</td>
<td>(1,368,095)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total revenues, gains, losses and other support | 19,498,691 | (166,509) | 19,332,182 | 24,376,641 |

### Expenses (Exhibit C)

<table>
<thead>
<tr>
<th>Program services</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth</td>
<td>9,969,966</td>
<td></td>
<td>10,949,315</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Books and publications</td>
<td>1,463,749</td>
<td></td>
<td>1,747,291</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>1,295,853</td>
<td></td>
<td>1,985,561</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kehilla strengthening and transformation</td>
<td>2,239,394</td>
<td></td>
<td>2,399,548</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biennial convention</td>
<td></td>
<td></td>
<td>757,935</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>401,968</td>
<td></td>
<td>837,254</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total program services | 15,370,930 | | 18,676,904 | |
THE UNITED SYNAGOGUE OF
CONSERVATIVE JUDAISM

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015
(With Summarized Financial Information
for the Year Ended June 30, 2014)

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2015</th>
<th>Total</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses (Exhibit C) (continued)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>$3,989,099</td>
<td>$3,989,099</td>
<td>$3,702,862</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Fund raising</td>
<td>1,628,543</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total supporting services</td>
<td>5,617,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses before depreciation and nonrecurring activities</td>
<td>20,988,572</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>24,044,038</td>
</tr>
<tr>
<td>Change in net assets from operations</td>
<td>(1,489,881)</td>
<td>(166,509)</td>
<td>(1,656,390)</td>
<td>332,603</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(1,015,640)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,049,876)</td>
</tr>
<tr>
<td>Change in net assets before nonrecurring activities</td>
<td>(2,505,521)</td>
<td>(166,509)</td>
<td>(2,672,030)</td>
<td>(717,273)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonrecurring activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sale of fixed assets (Note 4)</td>
<td>1,192,745</td>
<td></td>
<td>1,192,745</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformation expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(301,028)</td>
</tr>
<tr>
<td>Transfer to Schechter Day School Network</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(212,371)</td>
</tr>
<tr>
<td>Severance (Note 13)</td>
<td>(1,041,972)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reclassification (Notes 2 and 9)</td>
<td>5,000</td>
<td>$5,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets (Exhibit D)</td>
<td>(2,349,748)</td>
<td>(166,509)</td>
<td>(5,000)</td>
<td>(2,521,257)</td>
<td>(1,230,672)</td>
<td></td>
</tr>
<tr>
<td>Net assets - beginning of year - restated (Note 14)</td>
<td>23,680,566</td>
<td>5,338,231</td>
<td>1,171,149</td>
<td>30,189,946</td>
<td>31,420,618</td>
<td></td>
</tr>
<tr>
<td>Net assets - end of year (Exhibit A)</td>
<td>$21,330,818</td>
<td>$5,171,722</td>
<td>$1,166,149</td>
<td>$27,668,689</td>
<td>$30,189,946</td>
<td></td>
</tr>
</tbody>
</table>

See independent auditor's report.

The accompanying notes are an integral part of these statements.
## Statement of Expenses

**Years Ended June 30, 2015 and 2014**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$7,037,094</td>
<td>$7,471,144</td>
</tr>
<tr>
<td>Payroll taxes and employee benefits</td>
<td>1,197,076</td>
<td>1,495,558</td>
</tr>
<tr>
<td>Severance</td>
<td>1,041,972</td>
<td></td>
</tr>
<tr>
<td><strong>Total salaries and related expenses</strong></td>
<td><strong>9,276,142</strong></td>
<td><strong>8,966,702</strong></td>
</tr>
<tr>
<td>Grant expense</td>
<td>319,001</td>
<td>353,409</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>51,318</td>
<td>58,985</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>32,868</td>
<td>33,272</td>
</tr>
<tr>
<td>Insurance</td>
<td>240,591</td>
<td>221,712</td>
</tr>
<tr>
<td>Building maintenance</td>
<td>47,259</td>
<td>70,908</td>
</tr>
<tr>
<td>Meetings and conferences</td>
<td>222,869</td>
<td>309,186</td>
</tr>
<tr>
<td>Equipment rental and repair</td>
<td>151,235</td>
<td>158,333</td>
</tr>
<tr>
<td>Occupancy (Note 10)</td>
<td>521,452</td>
<td>496,322</td>
</tr>
<tr>
<td>Office supplies</td>
<td>70,718</td>
<td>70,702</td>
</tr>
<tr>
<td>Travel and lodging</td>
<td>537,680</td>
<td>542,357</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>309,627</td>
<td>359,332</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>286,866</td>
<td>313,658</td>
</tr>
<tr>
<td>Professional fees and contract services</td>
<td>742,718</td>
<td>1,180,760</td>
</tr>
<tr>
<td>Program expenses and participant costs</td>
<td>7,673,460</td>
<td>8,781,760</td>
</tr>
<tr>
<td>Biennial convention</td>
<td>45,673</td>
<td>757,935</td>
</tr>
<tr>
<td>Book and publication fulfillment costs</td>
<td>1,121,768</td>
<td>1,250,368</td>
</tr>
<tr>
<td>Telephone</td>
<td>152,352</td>
<td>183,730</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td></td>
<td>50,361</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,015,640</td>
<td>1,049,876</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>226,947</td>
<td>185,268</td>
</tr>
<tr>
<td><strong>Total expenses (includes interest expense of $111,303 in 2015 and $56,454 in 2014)</strong></td>
<td><strong>$23,046,184</strong></td>
<td><strong>$25,394,942</strong></td>
</tr>
</tbody>
</table>

See independent auditor's report.

The accompanying notes are an integral part of these statements.
### The United Synagogue of Conservative Judaism

**Statement of Cash Flows**

**Years Ended June 30, 2015 and 2014**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets (Exhibit B)</td>
<td>$(2,521,257)</td>
<td>$(1,230,672)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash used by operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,015,640</td>
<td>1,049,876</td>
</tr>
<tr>
<td>Net realized and unrealized (loss) gain on investments</td>
<td>23,976</td>
<td>(411,252)</td>
</tr>
<tr>
<td>Gain on sale of fixed assets</td>
<td>(1,192,745)</td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dues receivable</td>
<td>61,921</td>
<td>327,113</td>
</tr>
<tr>
<td>Accounts and other receivables</td>
<td>163,400</td>
<td>(15,874)</td>
</tr>
<tr>
<td>Prepaid expenses - program</td>
<td>(281,389)</td>
<td>441,898</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>662,405</td>
<td>(1,408,345)</td>
</tr>
<tr>
<td>Inventory</td>
<td>(29,389)</td>
<td>26,434</td>
</tr>
<tr>
<td>Other assets</td>
<td>(752,409)</td>
<td>1,390</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(519,850)</td>
<td>(66,669)</td>
</tr>
<tr>
<td>Accrued salaries, vacations and benefits</td>
<td>647,546</td>
<td>47,021</td>
</tr>
<tr>
<td>Advance deposits</td>
<td>638,725</td>
<td>(1,380,997)</td>
</tr>
<tr>
<td><strong>Net cash used by operating activities</strong></td>
<td>(2,083,426)</td>
<td>(2,675,725)</td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities** |                  |                  |
| Capital expenditures             | (180,039)        | (30,799)         |
| Cost of sale of fixed assets     | (980,249)        |                  |
| Proceeds from sale of fixed assets | 15,939,000      |                  |
| Purchases of investments         | (1,700,339)      | (1,631,185)      |
| Proceeds from sale of investments | 2,359,012        | 2,484,468        |
| **Net cash provided by investing activities** | 15,437,385       | 822,484          |

| **Cash flows from financing activities** |                  |                  |
| Proceeds from line of credit      | 1,559,920        | 358,000          |
| **Net change in cash and cash equivalents** | 14,913,879       | (1,495,241)      |
| Cash and cash equivalents - beginning of year | 558,381          | 2,053,622        |
| **Cash and cash equivalents - end of year** | $15,472,260       | $558,381         |
| Cash paid for interest            | $105,623         | 56,454           |

See independent auditor's report.

The accompanying notes are an integral part of these statements.
NOTE 1 - NATURE OF ORGANIZATION

The United Synagogue of Conservative Judaism (“The United Synagogue”) was formed in 1913. It is a religious association of congregations of the Conservative Movement of Judaism and has approximately 594 affiliated congregations. The organization’s Conservative Jewish program encompasses youth, educational and congregational programming.

The United Synagogue is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

During fiscal 2015, The USCJ Supporting Foundation, Inc. (the “Foundation”) was formed. The Foundation received notification that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code in November 2015. The United Synagogue is the sole member of the Foundation. As of June 30, 2015 the Foundation did not have any activity. The Foundation has been established to hold an endowment fund of $8.0 million generated from the proceeds of the sale of the condominium office space (Note 4). As of January 2016, a total of $6.0 million has been transferred by The United Synagogue into two investment accounts. The contractual agreement signed by The United Synagogue in opening the two investment accounts contains a commitment to fund the additional $2 million ($1 million for each account). United Synagogue intends to transfer ownership of the investment accounts to the new foundation. It is expected that the Foundation’s financial statements will be fully consolidated with USCJ’s financial statements in fiscal 2016.

The United Synagogue’s primary sources of revenues are membership dues, program revenue and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation - The financial statements are prepared on the accrual basis of accounting.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Cash and cash equivalents** - Cash and cash equivalents include certain investments in highly liquid instruments with original maturities, when acquired, of three months or less. The United Synagogue routinely invests its surplus operating funds in money market mutual funds. The money market funds invest in highly liquid U.S. Government and agency obligations. Investments in money market funds are not insured or guaranteed by the U.S. Government.

Included in cash and cash equivalents at June 30, 2015 are the net proceeds of the sale of its office condominium. (See Note 4.)

**Investments** - Investments are recorded at fair value. Net investment income earned on endowment funds with donor restrictions as to the use of such income has been reported in the temporarily restricted class of net assets based upon donor stipulation. The balance of net investment income earned on endowment funds that does not have donor restrictions is reflected in the temporarily restricted net assets until formally appropriated, at which time they are reclassified to the unrestricted class of net assets.

The United Synagogue invests in various securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets’ fluctuations, and that such changes could materially affect the amounts reported in the financial statements.

**Revenues, accounts receivable and other receivables** - Revenues and related receivables are recognized based on programs operated and/or dues expected to be earned in the fiscal year. Interest income is not accrued or recorded on outstanding receivables.

**Contributions receivable** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for doubtful accounts - The United Synagogue determines whether an allowance for doubtful accounts should be provided for dues, contributions and accounts and other receivables. Such estimates are based on management’s assessment of the aged basis of its receivables, current economic conditions, subsequent collections, and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2015 and 2014, The United Synagogue recorded an allowance of approximately $135,000 on accounts and other receivables. As of June 30, 2015 and 2014, The United Synagogue recorded an allowance of $179,249 and $687,450, respectively, on contributions receivable.

Inventory - Inventory is recorded at the lower of cost or market using the first-in, first-out method.

Fixed assets - Fixed assets are recorded at cost. Building and equipment are depreciated on the straight-line method over the estimated useful lives of the assets. The United Synagogue’s policy is to capitalize items with a cost of $1,000 or greater, and a useful life of more than one year.

Advance deposits - Advance deposits are for future programs that have not yet been earned and are recorded as liabilities.

Unrestricted, temporarily and permanently restricted net assets - Unrestricted net assets have no donor-imposed stipulations on their use. In addition, resources which are set aside for board-designated purposes are unrestricted. Temporarily restricted net assets are those whose use by The United Synagogue has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by The United Synagogue in perpetuity.

Program revenue - Program revenue includes revenues from providing events, trips and other programming for youth and members of The United Synagogue.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

-continued-
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transformation expenses - Transformation expenses relate to costs incurred by The United Synagogue in its process of developing a plan to transform how it carries out its mission and to implement its Strategic Plan.

Rent - Rent is expensed on the straight-line basis. As of June 30, 2015, deferred rent is recorded when material. No deferred rent has been recorded.

Advertising - Advertising costs are expensed as incurred.

Functional allocation of expenses - The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Measure of operations - The financial statements of The United Synagogue include in its definition of operations all revenues and expenses associated with ongoing programs of The United Synagogue. Excluded from operations are depreciation, gain on sale of fixed assets, transformation expenses, severance, and the transfer to the Schechter Day School Network.

Uncertainty in income taxes - The United Synagogue has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2012 and subsequent remain subject to examination by applicable taxing authorities.

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that The United Synagogue has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015, as compared to those used at June 30, 2014.

Money market funds, fixed income-corporate bonds, equities - Valued at the closing price reported on the active market on which the individual security is traded.

Mutual funds and dynamic asset allocation overlays - Valued at the net asset value (“NAV”) of shares held at year end.

See Note 3 for the table which sets forth by level and type, within the fair value hierarchy, the assets at fair value as of June 30, 2015.

Receipts on account of shares - Receipts on account of shares consist of paid-up share capital issued at a premium to the Amutta in exchange for capital notes and investments made by the Amutta (see Note 8).

Reclassification - Certain net assets were reclassified as per a change in the donor’s intent.

Summarized financial information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization’s financial statements for the year ended June 30, 2014, from which the summarized information was derived.

-continued-
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events - Subsequent events have been evaluated through January 13, 2016, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

The following table sets forth by level and type, within the fair value hierarchy, the assets at fair value as of June 30, 2015:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Total</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$132,781</td>
<td>$132,781</td>
<td></td>
<td>$56,529</td>
</tr>
<tr>
<td>Mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>895,933</td>
<td>895,933</td>
<td>1,099,261</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>410,488</td>
<td>410,488</td>
<td>600,679</td>
<td></td>
</tr>
<tr>
<td>Global real estate</td>
<td>144,542</td>
<td>144,542</td>
<td>167,472</td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>89,063</td>
<td>89,063</td>
<td>107,964</td>
<td></td>
</tr>
<tr>
<td>Fixed income - corporate bonds</td>
<td>862,376</td>
<td>862,376</td>
<td>962,652</td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic materials</td>
<td>109,375</td>
<td>109,375</td>
<td>170,924</td>
<td></td>
</tr>
<tr>
<td>Consumer goods</td>
<td>65,849</td>
<td>65,849</td>
<td>48,788</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>67,105</td>
<td>67,105</td>
<td>80,506</td>
<td></td>
</tr>
<tr>
<td>Healthcare</td>
<td>38,634</td>
<td>38,634</td>
<td>55,835</td>
<td></td>
</tr>
<tr>
<td>Industrial goods</td>
<td>128,750</td>
<td>128,750</td>
<td>184,808</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>167,257</td>
<td>167,257</td>
<td>189,985</td>
<td></td>
</tr>
<tr>
<td>Dynamic asset allocation overlays</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overlay A - equity-oriented asset allocation</td>
<td>$301,405</td>
<td>301,405</td>
<td>249,740</td>
<td></td>
</tr>
<tr>
<td>Overlay B - fixed income - oriented asset allocation</td>
<td></td>
<td>245,198</td>
<td>245,198</td>
<td>366,262</td>
</tr>
<tr>
<td></td>
<td>$3,112,153</td>
<td>$546,603</td>
<td>$3,658,756</td>
<td>$4,341,405</td>
</tr>
</tbody>
</table>

-continued-
NOTE 3 - INVESTMENTS (continued)

Investment income consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends (net of fees of $22,285)</td>
<td>$ 116,342</td>
<td>$ 109,528</td>
</tr>
<tr>
<td>Net unrealized and realized gain (loss) on investments</td>
<td>(23,976)</td>
<td>411,252</td>
</tr>
<tr>
<td></td>
<td>$ 92,366</td>
<td>$ 520,780</td>
</tr>
</tbody>
</table>

NOTE 4 - FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land in Israel</td>
<td>$ 893,710</td>
<td>$ 893,710</td>
<td></td>
</tr>
<tr>
<td>Building in Israel</td>
<td>14,697,694</td>
<td>14,697,694</td>
<td>40 years</td>
</tr>
<tr>
<td>Condominium office space</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in New York City</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>1,810,675</td>
<td>1,791,875</td>
<td>3-10 years</td>
</tr>
<tr>
<td>Cemetery plots</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Construction in progress -</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>leasehold improvements</td>
<td>161,239</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>17,563,319</td>
<td>34,897,529</td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(5,106,430)</td>
<td>(7,839,033)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 12,456,889</td>
<td>$ 27,058,496</td>
<td></td>
</tr>
</tbody>
</table>

The United Synagogue purchased land in Jerusalem, Israel to construct the building used as a youth education and dormitory facility in its programs.
NOTE 4 - FIXED ASSETS (continued)

On June 4, 2015, The United Synagogue sold its two-floor office condominium at 820 Second Avenue, New York, NY, for gross proceeds of $15,939,000. United Synagogue realized a gain on sale of the condominium office space in New York City of $1,192,745, which is included as a nonoperating item on the Statement of Activities for the year ended June 30, 2015. The gain takes into account closing costs, brokerage fees, other expenses related to the sale, and the remaining book value, included in the June 30, 2014 balance of condominium office space in New York City and equipment. As indicated in Note 1, The United Synagogue is obligated to fund, by contractual agreement, from the proceeds of the sale a total of $8.0 million into two investment accounts, which ownership The United Synagogue intends to transfer to the Foundation. As of January 2016, the USCJ has transferred $6.0 million into these two investment accounts.

The United Synagogue Center (a related organization in Israel - see Note 8) has a line of credit for $5.5 million from U Bank utilizing 2, 4, 6 and 10 Agron Street, Jerusalem, Israel as collateral, which is owned by United Synagogue and which has assumed responsibility for the debt’s repayment. The United Synagogue paid $205,000 in principal repayments during fiscal year 2015, as authorized by The United Synagogue’s Board of Directors in fiscal 2014. As of June 30, 2015, the amount owed on the line of credit was $1,317,500. In fiscal year 2015, The United Synagogue Center’s Board of Directors committed through a grant of $130,000 to be used towards a principal payment of the United Synagogue Center’s line of credit in 2016. Interest expense for the year ended June 30, 2015 was $39,182, which was paid by The United Synagogue.

In August 2004, a resolution was signed by The United Synagogue to guarantee the United Synagogue Center’s borrowings from Mercantile Bank, Israel for a sum not to exceed $1.3 million with interest at LIBOR plus 2.75% or less per annum. In May 2014, the Mercantile Bank loan was transferred to U Bank utilizing 8 Agron Street, Jerusalem, Israel as collateral with interest at LIBOR plus 3.75%. During fiscal year 2015, The United Synagogue made principal payments totaling $84,100 towards the loan with the Board of Directors’ approval. As of June 30, 2015, the principal balance outstanding on this loan totaled $84,100. This loan is not recorded on the balance sheet. Interest expense for the year ended June 30, 2015 was $6,403, which was paid by The United Synagogue. The loan is scheduled to be paid in full on May 9, 2016.

United Synagogue owns various cemetery plots. The plots were not valued and have been recorded at a value of $1 in these statements.

Construction in progress represents the first phase of leasehold improvements for The United Synagogue’s new corporate headquarters at 120 Broadway, New York, New York (see Notes 10 and 13).
NOTE 5 - PENSION PLANS

The United Synagogue has two defined contribution retirement plans. Contributions and costs are determined as 3.75% for the non-union plan when each employee covered electively contributes at least 4% of his or her gross salary. Under the union membership plan, The United Synagogue matches the employees’ voluntary contributions up to 10% of their salaries. Pension expense for the year was $222,338 for both plans combined.

NOTE 6 - CONTRIBUTIONS RECEIVABLE

All unconditional contributions receivable have been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using a discount rate of 4% - 6%. The receivables are due as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and due in 2016</td>
<td>$538,838</td>
</tr>
<tr>
<td>2017</td>
<td>531,288</td>
</tr>
<tr>
<td>2018</td>
<td>523,338</td>
</tr>
<tr>
<td>2019</td>
<td>118,549</td>
</tr>
<tr>
<td>2020</td>
<td>80,474</td>
</tr>
<tr>
<td></td>
<td>1,792,487</td>
</tr>
<tr>
<td>Less allowance for uncollectible amounts</td>
<td>(179,249)</td>
</tr>
<tr>
<td></td>
<td>1,613,238</td>
</tr>
<tr>
<td>Less discount to present value</td>
<td>(152,773)</td>
</tr>
<tr>
<td></td>
<td>$1,460,465</td>
</tr>
</tbody>
</table>

NOTE 7 - LINE OF CREDIT

In December 2013, a resolution was signed by The United Synagogue to obtain a line of credit for $2 million from U Bank utilizing Building R and Building Y of the Fuchsberg Center, Israel as collateral. Buildings R and Y are owned by The United Synagogue Center (a related organization). The loan will bear interest at 6-month LIBOR plus 3.75%, which was 4.1928% at June 30, 2015. The line expires in May 2019. As of June 30, 2015, the amount outstanding on the line of credit was $1,917,920. Interest expense for the year ended was $65,718. In October 2015, United Synagogue made a principal payment of $1,668,000 towards the outstanding balance from the proceeds from the sale of the condominium office space in New York City.

-continued-
NOTE 8 - RELATED ORGANIZATIONS IN ISRAEL

The related organizations have not been audited by Loeb & Troper LLP but have been audited by other independent auditors in Israel. The financial information contained in this note is directly from the audited financial statements of those organizations as of the period indicated in this note.

The United Synagogue is related to three organizations in Israel. The United Synagogue of America (“Amutta”) is a registered amutta under Israeli law, whose purpose is to promote conservative Judaism through programs for youth and education. An amutta is a tax-exempt entity in Israel formed for charitable or religious purposes which does not issue shares and which is governed by its members. The United Synagogue is related to the Amutta through common members of their governing bodies.

The United Synagogue and the Amutta own two corporations for the public good in Israel: United Synagogue Center and Conservative Judaism Educational Company Limited (“CJEC”). The Amutta owns 99.9% of the outstanding shares of both the United Synagogue Center and CJEC. The United Synagogue owns 0.1% of the outstanding shares of both the United Synagogue Center and CJEC.

The majority of the revenues reported by the Amutta are funds transferred to it by The United Synagogue, including funds used to pay the operating costs of the Shirley and Jacob Fuchsberg Center for Conservative Judaism (the “Center”) and certain programs housed there.

The Amutta invested the funds received from The United Synagogue that are dedicated to the construction of the Center in capital notes of the Company in Israel and CJEC. These capital notes are included in the assets of the Amutta.

The United Synagogue Center and CJEC used the funds received from the Amutta to acquire real property and construct buildings for the Center, which are property and buildings included in the assets of the United Synagogue Center and CJEC.
NOTE 8 - RELATED ORGANIZATIONS IN ISRAEL (continued)

The Amutta, the United Synagogue Center and CJEC use a December 31 year end. The United Synagogue uses a June 30 year end; therefore, the amounts shown by each of the companies for intercompany transactions may be different. Individual financial statements have been issued in Israel. If the individual financial statements were consolidated, the intercompany transfers relating to the assets in the Center would be eliminated. As of December 31, 2014, the Amutta has recorded an investment in related companies of $12,928,738. This represents an investment of $11,937,383 in the United Synagogue Center and $991,355 in CJEC. Summaries of the latest financial statements are as follows:

<table>
<thead>
<tr>
<th></th>
<th>United Synagogue of America (an Amutta in Israel)</th>
<th>United Synagogue Center</th>
<th>Conservative Judaism Educational Company Limited</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>$13,364,694</td>
<td>$13,496,340</td>
<td>$1,048,901</td>
<td>$(12,928,738)</td>
<td>$14,981,197</td>
</tr>
<tr>
<td>Liabilities</td>
<td>$138,797</td>
<td>$1,563,759</td>
<td>$229,691</td>
<td></td>
<td>$1,932,247</td>
</tr>
<tr>
<td>Net assets</td>
<td>13,225,897</td>
<td>11,932,581</td>
<td>819,210</td>
<td>$(12,928,738)</td>
<td>13,048,950</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$13,364,694</td>
<td>$13,496,340</td>
<td>$1,048,901</td>
<td>$(12,928,738)</td>
<td>$14,981,197</td>
</tr>
<tr>
<td><strong>Statement of Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues and gains</td>
<td>$1,499,312</td>
<td>$33,356</td>
<td>$25,134</td>
<td></td>
<td>$1,557,802</td>
</tr>
<tr>
<td>Expenses</td>
<td>1,233,925</td>
<td>770,686</td>
<td>98,116</td>
<td></td>
<td>2,102,727</td>
</tr>
<tr>
<td>Change in net assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>before loss on</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>subsidiaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on subsidiaries</td>
<td>$(809,501)</td>
<td>(737,330)</td>
<td>(72,982)</td>
<td></td>
<td>(809,501)</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(544,114)</td>
<td>(737,330)</td>
<td>(72,982)</td>
<td></td>
<td>(1,354,426)</td>
</tr>
<tr>
<td>Net assets/capital -</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>beginning of year</td>
<td>13,770,011</td>
<td>12,298,212</td>
<td>892,192</td>
<td>$(12,928,738)</td>
<td>14,031,677</td>
</tr>
<tr>
<td>Receipts on account of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>shares</td>
<td></td>
<td></td>
<td>371,699</td>
<td></td>
<td>371,699</td>
</tr>
<tr>
<td>Net assets/capital -</td>
<td>$13,225,897</td>
<td>$11,932,581</td>
<td>$819,210</td>
<td>$(12,928,738)</td>
<td>$13,048,950</td>
</tr>
</tbody>
</table>

-continued-
NOTE 9 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 are available for the following purposes and/or time restricted:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kehilot (member congregation) programs and services</td>
<td>$1,328,172</td>
</tr>
<tr>
<td>Youth scholarships</td>
<td>1,188,266</td>
</tr>
<tr>
<td>Youth programs</td>
<td>525,006</td>
</tr>
<tr>
<td>Israel educational programs and operating support</td>
<td>956,295</td>
</tr>
<tr>
<td>Tikun olam (social action and disaster relief)</td>
<td>344,249</td>
</tr>
<tr>
<td>Annual fund time-restricted pledges and other</td>
<td>829,734</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,171,722</strong></td>
</tr>
</tbody>
</table>

Temporarily restricted net assets were released from donor restrictions during fiscal 2015 by incurring expenses satisfying the following restricted purposes and/or expiration of time restrictions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kehilot (member congregation) programs and services</td>
<td>$236,372</td>
</tr>
<tr>
<td>Youth scholarships</td>
<td>138,953</td>
</tr>
<tr>
<td>Youth programs</td>
<td>213,799</td>
</tr>
<tr>
<td>Israel educational programs and operating support</td>
<td>499,607</td>
</tr>
<tr>
<td>Tikun olam (social action and disaster relief)</td>
<td>102,285</td>
</tr>
<tr>
<td>Annual fund time-restricted pledges and other</td>
<td>177,079</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,368,095</strong></td>
</tr>
</tbody>
</table>

**Endowments - Permanently Restricted Net Assets**

**General**

The United Synagogue’s endowment consists of thirteen donor-restricted endowment funds established for youth scholarships, educational programs, youth programs and Solomon Schechter principal programs.
NOTE 9 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS  
(continued)

Endowments - Permanently Restricted Net Assets (continued)

Interpretation of Relevant Law

The General Assembly and the Board of Directors of The United Synagogue has adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the “historic dollar value” standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The United Synagogue is now governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7% of the average of its previous five years’ balance. As a result of this interpretation, The United Synagogue classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Return Objectives, Strategies Employed and Spending Policy

The primary objective of the endowment fund is income consistent with current yield and liquidity in both the equity and fixed-income portfolios. A secondary objective is long-term capital appreciation through investment in the equity portfolio. A total return strategy is emphasized through a balanced investment approach.

Funds with Deficiencies

The United Synagogue does not have any funds with deficiencies.
NOTE 9 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS
(continued)

Endowments - Permanently Restricted Net Assets (continued)

Endowment Net Asset Composition by Type of Fund

Investments to be held in perpetuity, the income from which is expendable to support the programs listed below, are as follows:

- Day schools principals training program $935,372
- Youth program and scholarships $180,777
- Leadership development $50,000

$1,166,149

Changes in endowment net assets for the year ended June 30, 2015:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets,</td>
<td>$ -</td>
<td>$1,171,149</td>
<td>$1,171,149</td>
</tr>
<tr>
<td>beginning of year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized gains</td>
<td>17,467</td>
<td>-</td>
<td>17,467</td>
</tr>
<tr>
<td>Appropriation</td>
<td>(17,467)</td>
<td>-</td>
<td>(17,467)</td>
</tr>
<tr>
<td>Reclassification*</td>
<td>-</td>
<td>(5,000)</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Endowment net assets,</td>
<td>$ -</td>
<td>$1,166,149</td>
<td>$1,166,149</td>
</tr>
<tr>
<td>end of year</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Reclassification was made per donor direction.
NOTE 10 - OPERATING LEASES

On June 2, 2015, The United Synagogue entered into a 15-year operating lease for office space at 120 Broadway, New York, New York. As part of the lease, The United Synagogue provided a security deposit of $502,178 held by the landlord. This is recorded in other assets on the balance sheet. The United Synagogue also obtained a letter of credit in the amount of $502,178, which expires on May 10, 2016. In addition, The United Synagogue leased back office space at 820 Second Avenue on a month-to-month basis until the space at 120 Broadway was available. Future minimum lease payments are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Minimum Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/17</td>
<td>$ 669,571</td>
</tr>
<tr>
<td>2017/18</td>
<td>669,571</td>
</tr>
<tr>
<td>2018/19</td>
<td>669,571</td>
</tr>
<tr>
<td>2019/20</td>
<td>669,571</td>
</tr>
<tr>
<td>2020/21</td>
<td>669,571</td>
</tr>
<tr>
<td>Thereafter</td>
<td>7,733,545</td>
</tr>
<tr>
<td></td>
<td>$11,081,400</td>
</tr>
</tbody>
</table>

Future minimum lease payments under operating leases for office space at the regional offices as of June 30, 2015 are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Minimum Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/17</td>
<td>$ 74,259</td>
</tr>
<tr>
<td>2017/18</td>
<td>35,380</td>
</tr>
<tr>
<td>2018/19</td>
<td>2,249</td>
</tr>
<tr>
<td></td>
<td>$111,888</td>
</tr>
</tbody>
</table>

The leases expire on dates ranging through July 31, 2018. Rent expense for the year ended June 30, 2015 was $444,557.
NOTE 11 - FUNCTIONAL EXPENSES

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>$16,285,013</td>
</tr>
<tr>
<td>Management and general</td>
<td>$4,090,656</td>
</tr>
<tr>
<td>Severance - management and general</td>
<td>$1,041,972</td>
</tr>
<tr>
<td>Investment fees - management and general</td>
<td>$22,285</td>
</tr>
<tr>
<td>Fund raising</td>
<td>$22,285</td>
</tr>
<tr>
<td><strong>Total functional expenses</strong></td>
<td><strong>$23,068,469</strong></td>
</tr>
</tbody>
</table>

Functional expenses include an allocation of depreciation expense.

NOTE 12 - CONCENTRATIONS

Financial instruments which potentially subject The United Synagogue to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits.

Included in gross contributions receivable are gross pledges of approximately $1.2 million from five donors.

NOTE 13 - COMMITMENTS

The United Synagogue’s Chief Executive Officer and Chief Operating Officer have employment agreements with expiration dates of June 30, 2019 and 2016, respectively. The agreements provide for severance payments under certain circumstances. If the agreements are not terminated prior to their expiration dates, the severance payments will not be due.

In connection with the operating lease (see Note 10) for office space at 120 Broadway, New York, New York, The United Synagogue entered into contractual commitments of approximately $207,000 towards the construction of the office space.

During fiscal year 2015, The United Synagogue incurred a liability at June 30, 2015 of $1,041,972 related to several years of severance benefits due to some of its Israel-based employees. This has been recorded in accrued salaries, vacations and benefits on the balance sheet. A reserve was set up to recognize this liability, to be paid out over several years to affected employees, and the only costs that were charged against the reserve during fiscal year 2015 were attorneys’ fees. The United Synagogue expects to reach final agreements with affected employees during fiscal year 2016 and begin direct payments to them.

-continued-
NOTE 14 - RESTATEMENT

Unrestricted net assets in the amount of $2,330,644 have been restated to properly reflect the classification of net assets. The restatement includes a reclassification of certain funds and other adjustments to increase certain other restricted funds.

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets at June 30,</td>
<td>$ 27,871,215</td>
<td>$ 2,473,095</td>
<td>$ 1,076,308</td>
<td>$ 31,420,618</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restatement</td>
<td>(2,330,644)</td>
<td>2,330,644</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Net assets at June 30, | 25,540,571   | 4,803,739              | 1,076,308              | 31,420,618   |
| 2013 - restated        |              |                        |                        |              |

| Change in net assets   | (1,860,005)  | 534,492                | 94,841                 | (1,230,672)  |
| for the year ended     |              |                        |                        |              |
| June 30, 2014          |              |                        |                        |              |

| Net assets at June 30, | $ 23,680,566 | $ 5,338,231            | $ 1,171,149            | $ 30,189,946 |
| 2014 - restated (Exhibit B) |          |                        |                        |              |